

**Solar Titan**  
**Summary of Temporary Issues**  
**August 7, 2022**

**Generac Component Warranty Repair Issue:**

- In January and February 2022, Solar Titan began receiving customer calls citing that their systems were either not producing any power or producing well below the amount they should have. These calls increased to very high levels in February and March.
- Solar Titan's field service team quickly traced the issue to Generac's SnapRS801 rapid shutdown component which is integral to the operation of the customer's solar power system. This component is covered by Generac's equipment warranty.
- When alerting Generac about the issue, Solar Titan was informed that Generac was aware of the defect with the SnapRS801, and that many solar installation companies were being affected by the same issue.
- Given that the Snap RS801 issue was the source of many negative customer reviews, Generac quickly cooperated with Solar Titan on several fronts, including providing a letter to be used by Solar Titan with its customers (see next page).
- Management believes that these issues also certainly contributed to the receipt of the Georgia and Kentucky Attorney General inquiries discussed below.
- Diagnosing the exact problem and manufacturing a replacement part (Snap RS802) which was field tested for reliability took some time. In May, Solar Titan began receiving sufficient quantities of the replacement parts to fix customers' problems.
- In order to preserve customer satisfaction, upon receiving supplies of the Snap RS802, Solar Titan began diverting some installation personnel from new system installations to repairing the faulty systems, and also began organizing new teams of Field Service personnel.
- In June, Generac dedicated a team of field service personnel to Solar Titan with the goal of repairing 20 systems fixed per week. However, given the number of customer systems issues, Solar Titan continued to deploy its own service teams through July and into August.
- Approximately 260 systems were repaired in May, June and July (an average of 87 per month). Customer calls regarding problems with new systems have subsided, and there currently remain fewer than 100 systems still needing repair.
- Solar Titan expects a return to normal installation operations in September.



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May 31, 2022

Dear Valued Solar Titan and Generac Customer,

We appreciate your investment in the PWRcell system to protect your home from outages, help save you money and contribute to powering a smarter, cleaner world.

To the extent you have experienced product concerns with your system, please know that Generac fully stands behind delivering quality products and honoring our warranty, and that Solar Titan has been diligent in bringing these issues to our attention on your behalf. We are aware of these concerns, and together with Solar Titan, we have been tirelessly working on a resolution to address such issues.

Specifically, we understand that in some cases you may have experienced certain issues with a particular Generac component of your solar energy system, the SnapRS801. To address these issues and to help better optimize and enhance the performance of our PWRcell solar + storage systems over the long-term, we are introducing our next-generation rapid shutdown device, the new SnapRS802, which has been designed and engineered to the highest safety and reliability standards.

The new RS802:

- Has been designed to replace the RS801, increasing performance and reliability
- Has been tested in extreme heat and corrosive moisture conditions with exceptional results
- Exceeds the UL 1741 requirements for reliability and safety

Again, we thank you for your patience and understanding as we continue to work to bring you the most effective, reliable and safe renewable energy products for your home. Please know that Generac and Solar Titan are committed to taking care of our customers and resolving your system performance concerns.

Should you have any questions about your system's performance or the new RS802 product, please contact Solar Titan's customer solutions team at (865) 392-1036/ [customercare@solartitanusa.com](mailto:customercare@solartitanusa.com) or Generac's Customer Support Center at [www.generac.com/service-support/contact-us](http://www.generac.com/service-support/contact-us).

Sincerely,

Keith Merritt  
President - Clean Energy  
Generac Clean Energy Solutions

### **Negative Customer Reviews / Georgia and Kentucky Attorney General Inquiries:**

- In Q2 2022, Solar Titan's customer service call volume increased dramatically due to Generac Snap RS801 failure and the related service issues noted above.
- Solar Titan implemented immediate changes across the organization to handle customer service questions and resolutions professionally and as quickly as possible. Unfortunately, this took some time since the Generac problem first needed diagnosis, and all installers industry-wide needed to wait for Generac to produce and ship a field tested replacement part.
- The system failure problems, the time required to diagnose those problems, the delay in receiving replacement parts, and a sudden, high volume of customer calls needing attention and management resulted in the Company receiving an uncharacteristically high number of complaints and negative customer reviews in recent months. At the same time, the Company has continued to receive many positive reviews. Also, Management believes the negative reviews should be put in context of Solar Titan's base of over 2,200 customers – the vast majority of whom are very happy with their systems (including customers requesting upgrades to their solar power systems each month).
- On May 28, the Georgia Attorney General's office issued an inquiry letter to Solar Titan focused on sales and installation practices. On June 6, the Kentucky Attorney General's office issued a similar inquiry letter.
- The Attorney General requests are civil inquiries focused on consumer fair business practices, including disclosure and customer interactions in the sales and installation processes. Management believes the Attorney General's offices in both states are conducting inquiries industry-wide and have sent inquiry letters to numerous installation companies installing solar power systems in these states.
- The Company has engaged an Attorney General expert at Bradley as legal counsel to assist in handling these matters. As part of due diligence, the Company can make Bradley available to discuss the interactions with and delivery of information to the Georgia and Kentucky AGs.
- Given Solar Titan's emphasis on sales training and management and its focus on delivering high quality systems and an excellent customer experience, Management does not expect the AG inquiries to have substantive repercussions in operational or monetary terms.

### **Sales Management Transition:**

- In May 2022, Management spotted negative trends in sales conversion metrics reviewed daily in the Salesforce.com dashboard. Questions about these trends were raised with Shawna Helton, VP of Sales at the time, and Shawna assured Management she would look into what was causing these trends.
- Management continued to keep a close eye on the sales conversion metrics, and as the month passed did not see a reversal in the low conversion percentages. As Management continued to question Shawna, she delivered inadequate and implausible explanations.
- By early June, Management became convinced that Shawna was actually contributing to the problems (e.g., evasiveness in answering questions, ineffective management of staff, work absences). The Company prepared termination documentation, and the day before the planned termination discussion in mid-June, Shawna submitted her resignation.
- John Carroll (Head of Training under Shawna) was immediately promoted to Head of Sales & Training. John is an experienced sales professional, and Management has full confidence in his ability to lead Solar Titan's sales organization. John was already taking on more responsibility alongside Shawna's increasing absences, and the Company had already invested in talented personnel reporting to John which positions him well to perform at a higher management level.
- As Solar Titan analyzed the causes for lower sales conversions, Management suspected that Shawna was diverting warm leads away from the Company to benefit herself personally. Since Shawna's departure, these bad acts were verified – as was Shawna's negative influence on a number of junior members of the sales staff. Under John Carroll, all sales personnel were evaluated, with approximately 20 personnel resigning or terminated by mid-July. These positions are being filled incrementally as part of Solar Titan's normal, ongoing recruiting and training activities.
- While disappointed by these challenges, Management believes this transition is ultimately good for the Company since it validated Solar Titan's management controls and demonstrated to the entire employee base Solar Titan's stated zero tolerance policy for inappropriate behavior and practices. The Company believes that the sales team is now stronger and more invigorated, and the Company has seen evidence of this with sales conversion metrics back to previous levels through mid-July and early August.
- Solar Titan's daily contracted sales have already approached previous levels, and Management expects a return to consistent monthly performance in September.